



START TODAY CO.,LTD.

FY2018 1Q
CONSOLIDATED BUSINESS RESULTS

FY2018 1Q HIGHLIGHTS

01

Overview	Total Transaction Value	:	70,406	million yen	(+ 18.2%,Yoy)
	Operating Profit	:	5,874	million yen	(- 26.4%,Yoy)

Total Transaction Value	ZOZOTOWN BUSINESS				
	Total Transaction Value	:	68,313	million yen	(+ 18.0%,Yoy)
	Consignment Business	:	64,263	million yen	(+ 17.8%,Yoy)
	Purchased Stock Business	:	44	million yen	(- 8.2% ,Yoy)
	ZOZOUSED Business	:	4,005	million yen	(+ 21.3%,Yoy)
	Private Brand Business	:	113	million yen	
	Average Retail Price	:	3,953	yen	(- 3.6% ,Yoy)
	Average Purchase Amount per Shipment	:	8,122	yen	(- 4.8% ,Yoy)
	*Average retail price and average purchase amount per shipment are averages calculated from combined results of the ZOZOTOWN business and the PB business.				
	B to B Business	:	1,980	million yen	(+ 24.5%,Yoy)

Profitability	Operating profit margin (to the total transaction value)	:	8.3%	(13.4% for FY2017 1Q)
	Factors improving profitability	:	Increase in GPM, Decrease in the rate of commission regarding payment collection	
	Factors worsening profitability	:	Increase in the rate of shipping cost due to the change of shipping charge from the carrier, Initiation of mass distribution of ZOZOSUIT, Increase in the rate of other expenses and the rate of payroll	

Topic	<ul style="list-style-type: none"> • Implemented a new sales event “ZOZOWEEK” (May, 2018) • Donation of 100 million yen to support Okayama, Hiroshima and Ehime prefecture where affected by the July 2018 torrential rain and floods (July, 2018) • About Private brand “ZOZO” <ul style="list-style-type: none"> • The number of orders of “ZOZOSUIT” reached 1 million (April, 2018) • ” ZOZOSUIT” shifted its system from a stretchable sensor type to a full body marker recognition type consisting 300~400 markers (April, 2018) • “ZOZO” launched oxford shirt (June, 2018) • Expansion of casual apparel lineup by adding V-neck T-shirt, straight denim and more to the collection (July, 2018) • Started sales of business suit and dress shirt ensemble (July, 2018)
-------	---



BUSINESS RESULTS

NEW A PRICELESS SECRET

OVERVIEW OF THE FY2018 1Q

03

(million¥)

Item	FY2017 1Q	FY2018 1Q	YoY Change(%)	Target	Progress Rate(%)
Transaction value	59,574	70,406	18.2%	360,000	19.6%
Net sales	21,451	26,552	23.8%	147,000	18.1%
Gross profit	19,844	24,251	22.2%	-	-
(% Transaction Value)	33.3%	34.4%	1.1%	-	-
SG & A	11,863	18,376	54.9%	-	-
(% Transaction Value)	19.9%	26.1%	6.2%	-	-
Operating profit	7,981	5,874	-26.4%	40,000	14.7%
(% Transaction Value)	13.4%	8.3%	-5.1%	11.1%	-
Recurring profit	7,999	5,859	-26.7%	40,000	14.6%
Profit attributable to owners of parent	5,532	4,163	-24.7%	28,000	14.9%

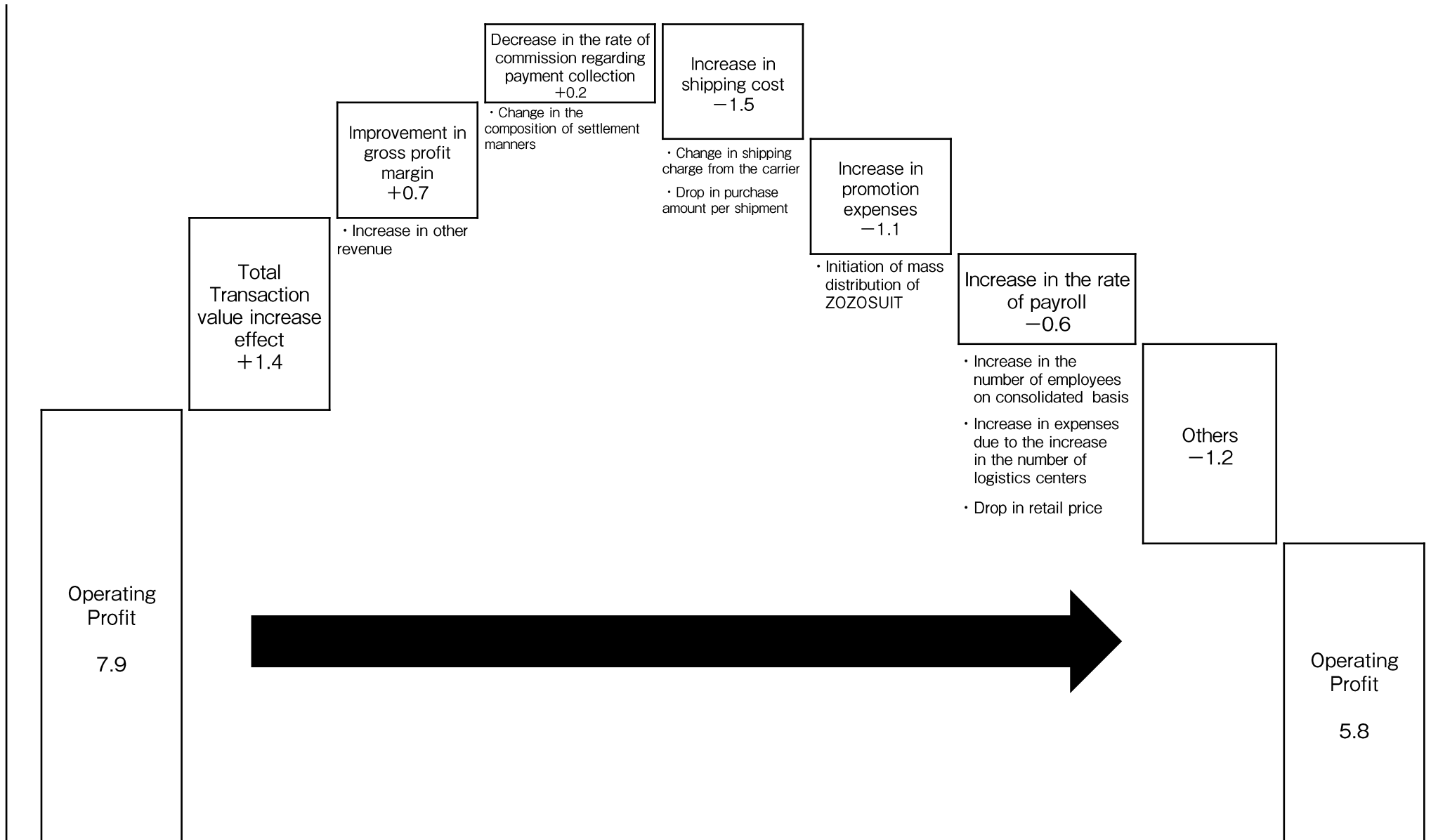
OVERVIEW OF EACH QUARTER

04

(million¥)

Item	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Transaction value	59,574	60,082	77,331	73,555	70,406
YoY (%)	40.9%	35.9%	25.5%	14.9%	18.2%
Net sales	21,451	21,242	28,220	27,517	26,552
SG&A	11,863	13,684	16,476	15,770	18,376
YoY (%)	35.0%	48.3%	45.2%	16.3%	54.9%
(% Transaction Value)	19.9%	22.8%	21.3%	21.4%	26.1%
Operating profit	7,981	5,850	9,720	9,118	5,874
YoY (%)	59.3%	4.9%	11.7%	30.4%	-26.4%
(% Transaction Value)	13.4%	9.7%	12.6%	12.4%	8.3%

INCREASE-DECREASE ANALYSIS OF OPERATING PROFIT (YoY COMPARISON)



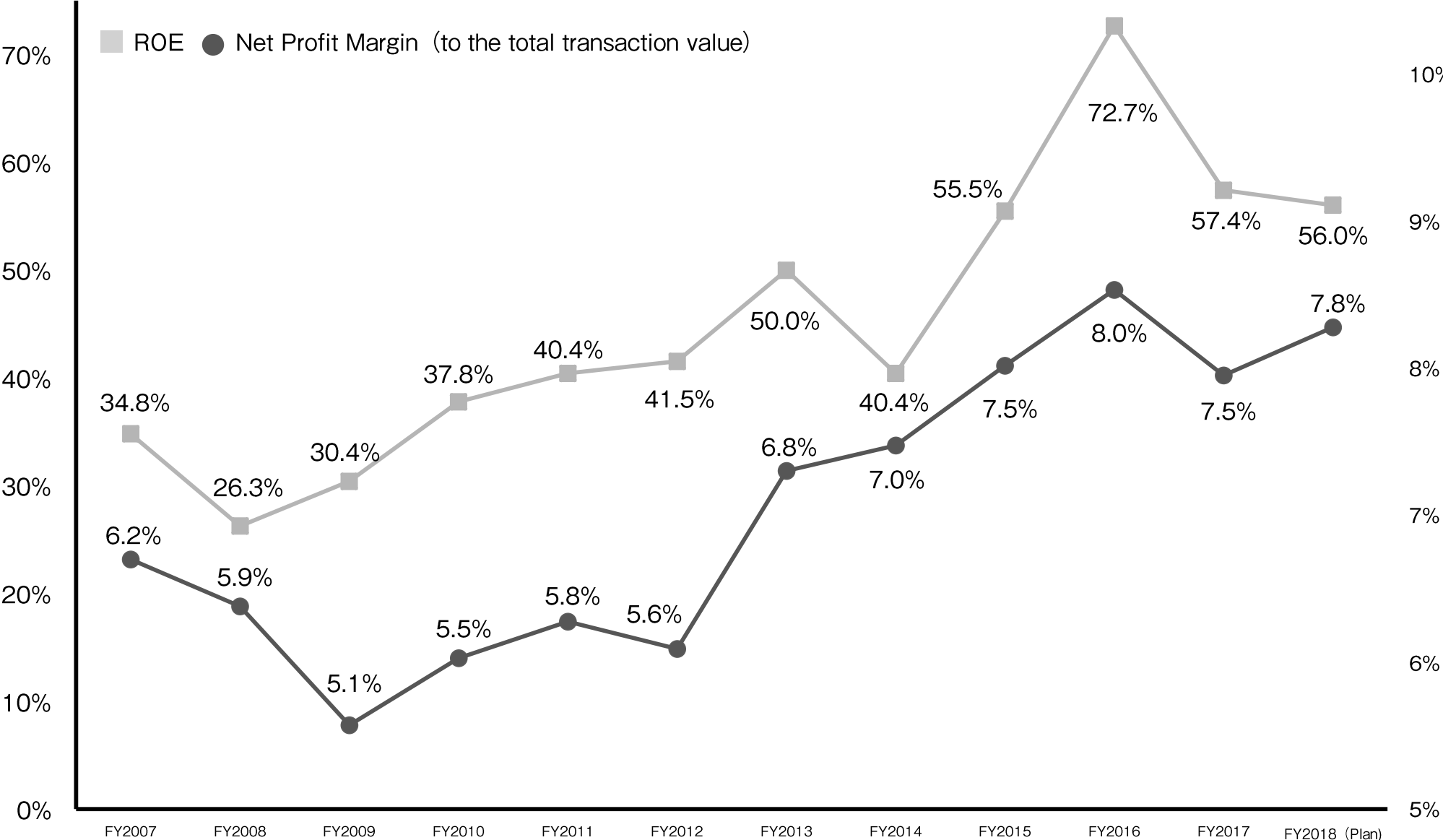
CONSOLIDATED BALANCE SHEET

06

(million¥)

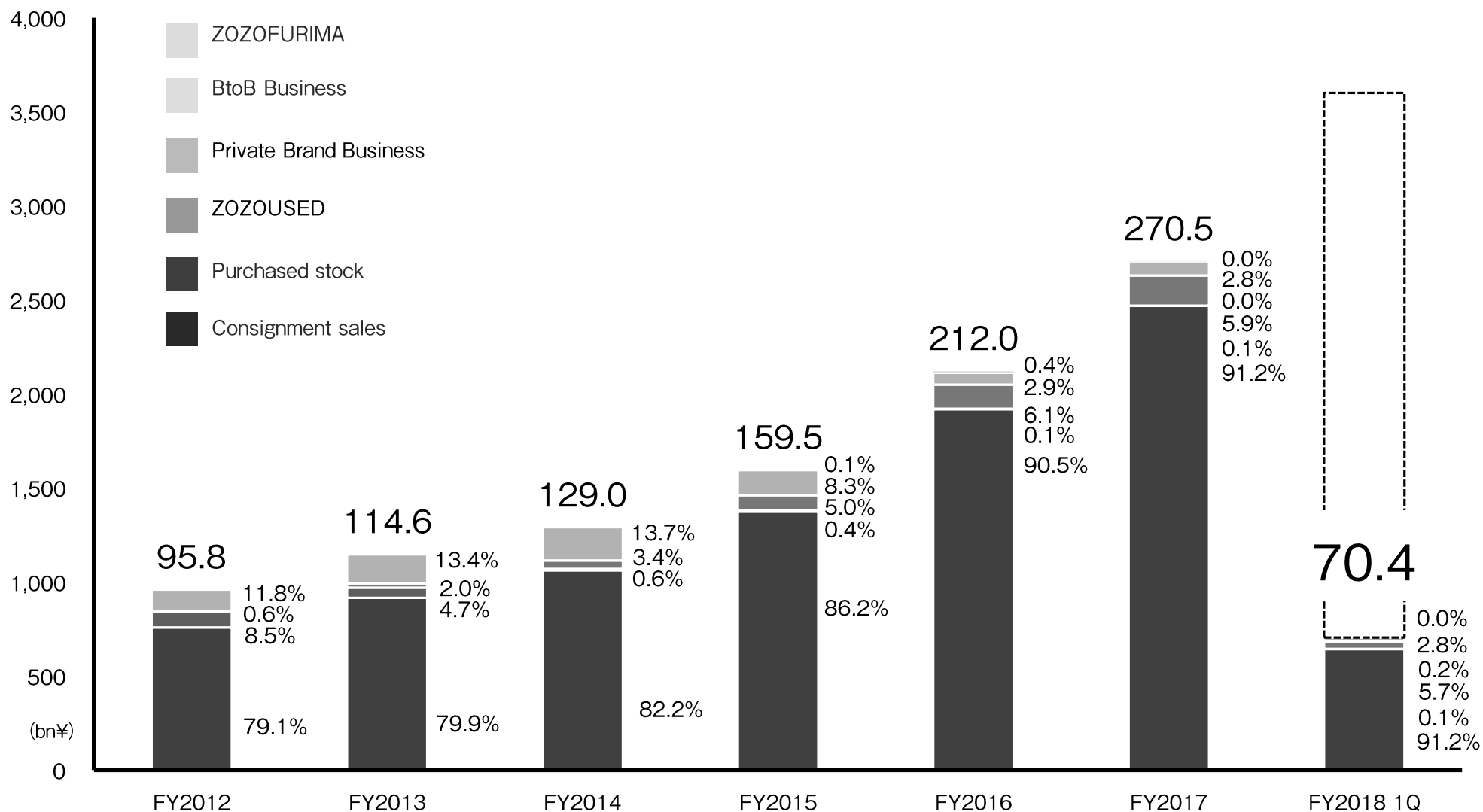
	FY2017 (as of March 31, 2018)	FY2018 1Q (as of June 30, 2018)		FY2017 (as of March 31, 2018)	FY2018 1Q (as of June 30, 2018)
Current assets	53,574	50,216	Current liabilities	27,243	49,283
Cash and deposits	24,571	17,790	short-term borrowing	-	24,000
Merchandise	2,194	2,709	Non-current liabilities	2,659	2,738
Non-current assets	17,138	16,714	Total liabilities	29,902	52,021
Tangible assets	5,668	5,664	Shareholders' equity	40,892	14,980
Intangible assets	3,222	3,363	Treasury stock	-	-24,412
Investments and other assets	8,247	7,685	Total net assets	40,810	14,909
Total assets	70,712	66,931	Total liabilities and net assets	70,712	66,931

ROE AND NET PROFIT MARGIN



TRANSACTION VALUE

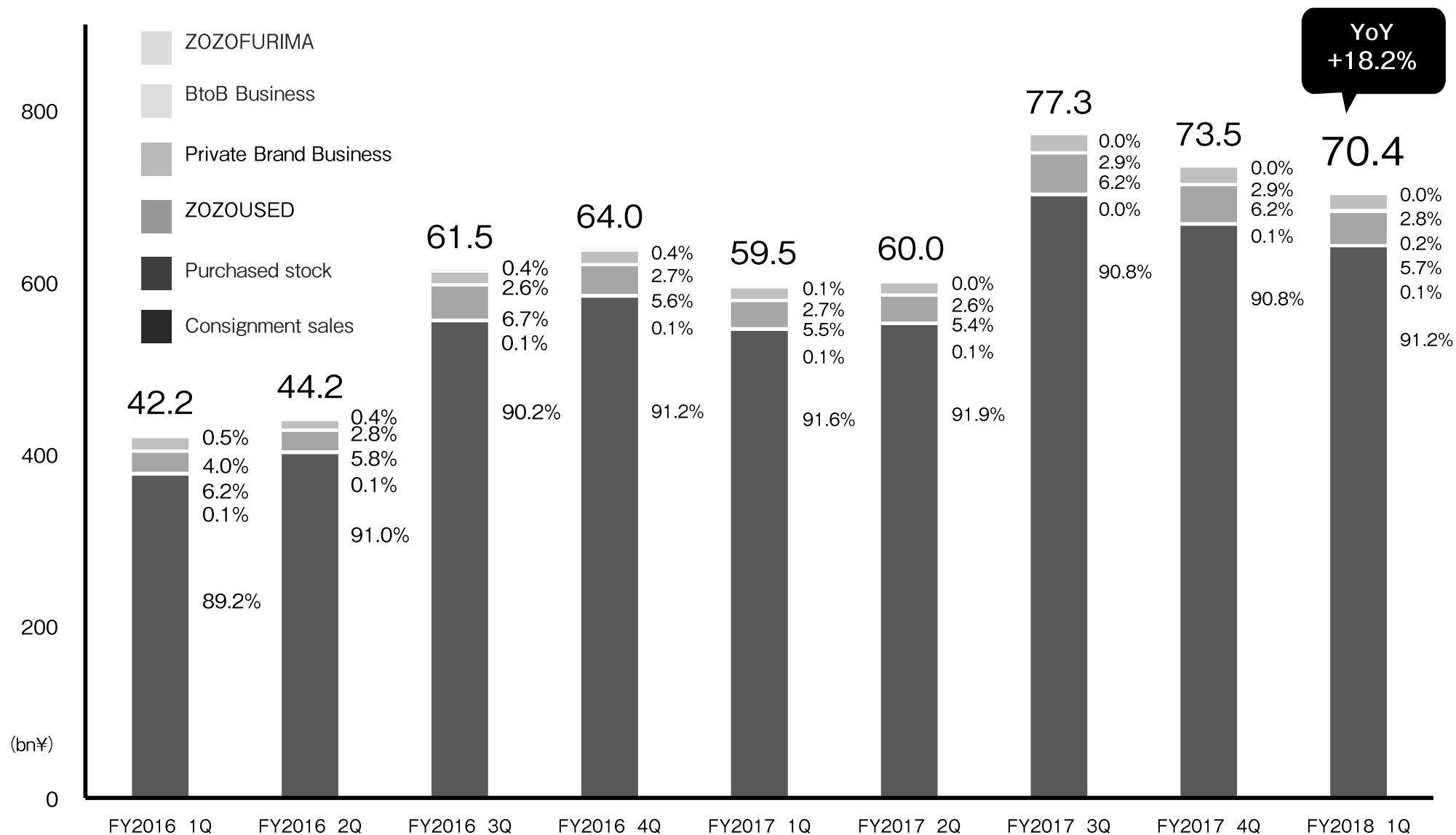
- Gross transaction value of new shops opened in FY2018 1Q
 ZOZOTOWN Business (purchased stock & consignment sales) : ¥ 0.4 billion (accounts for 0.7% of the total transaction value)



※ZOZO FURIMA Business ended on June 30, 2017.

TRANSACTION VALUE (QUARTERLY)

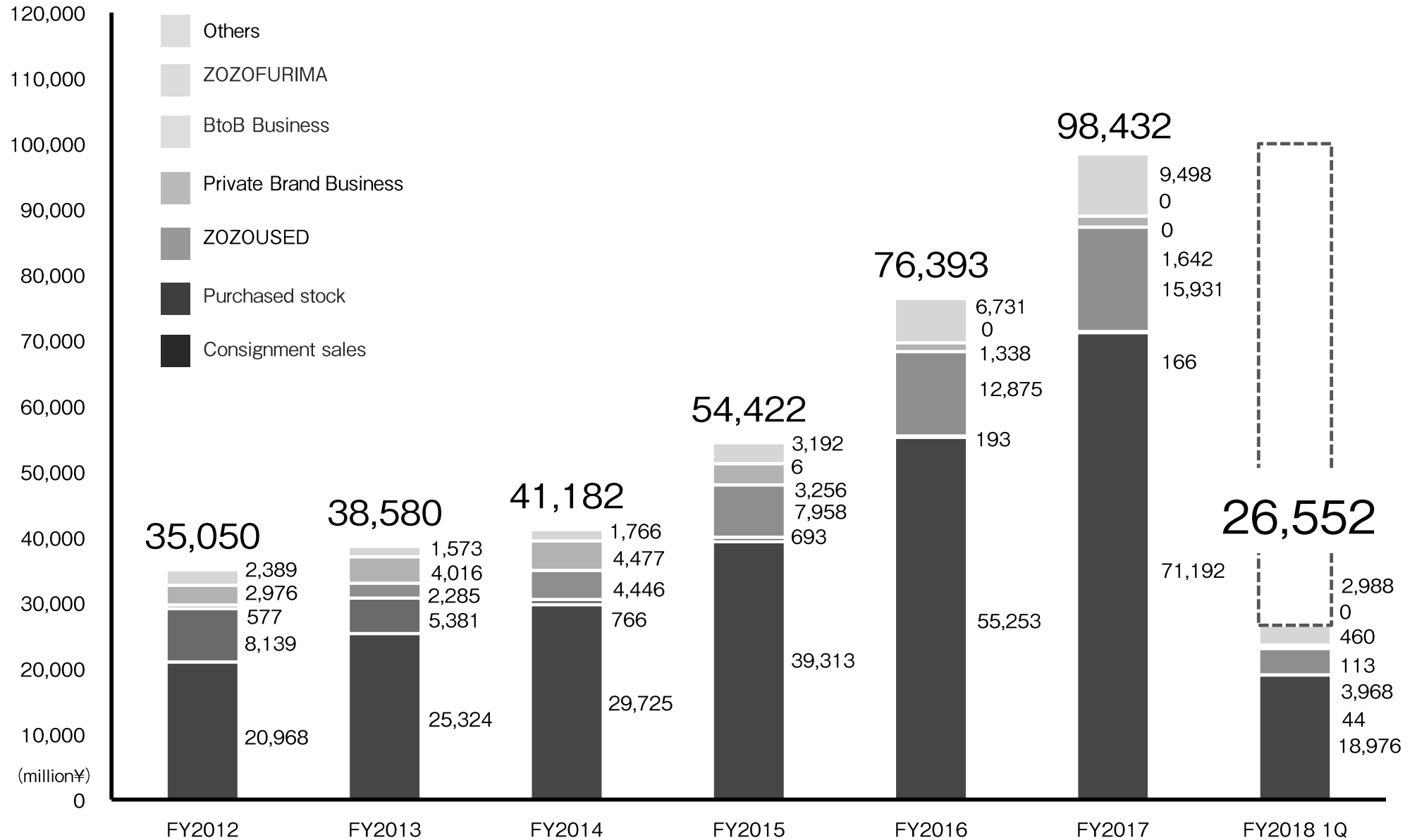
09



YoY
+18.2%

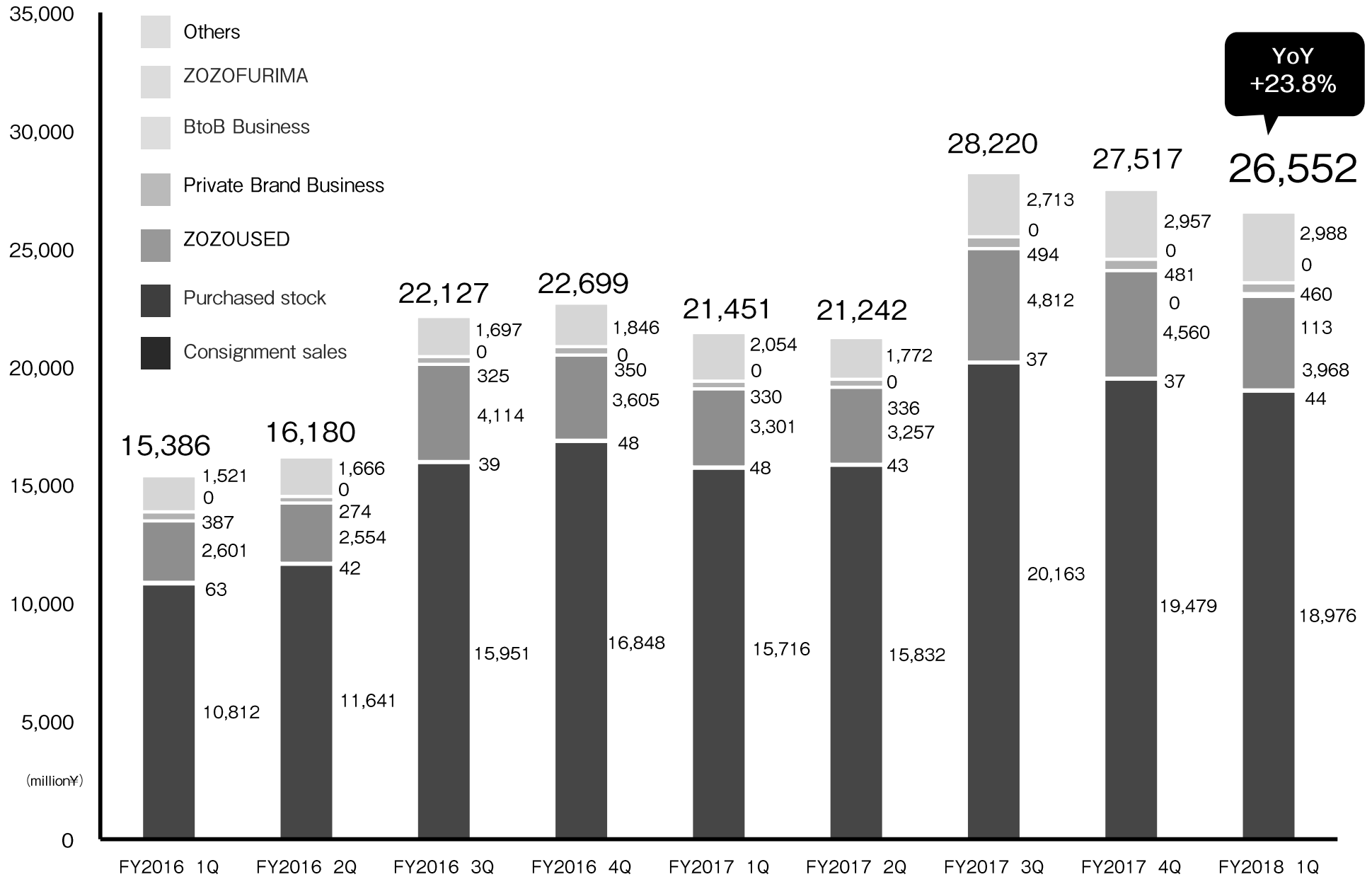
*ZOZO FURIMA Business ended on June 30, 2017.

NET SALES



※ZOZO FURIMA Business ended on June 30, 2017.

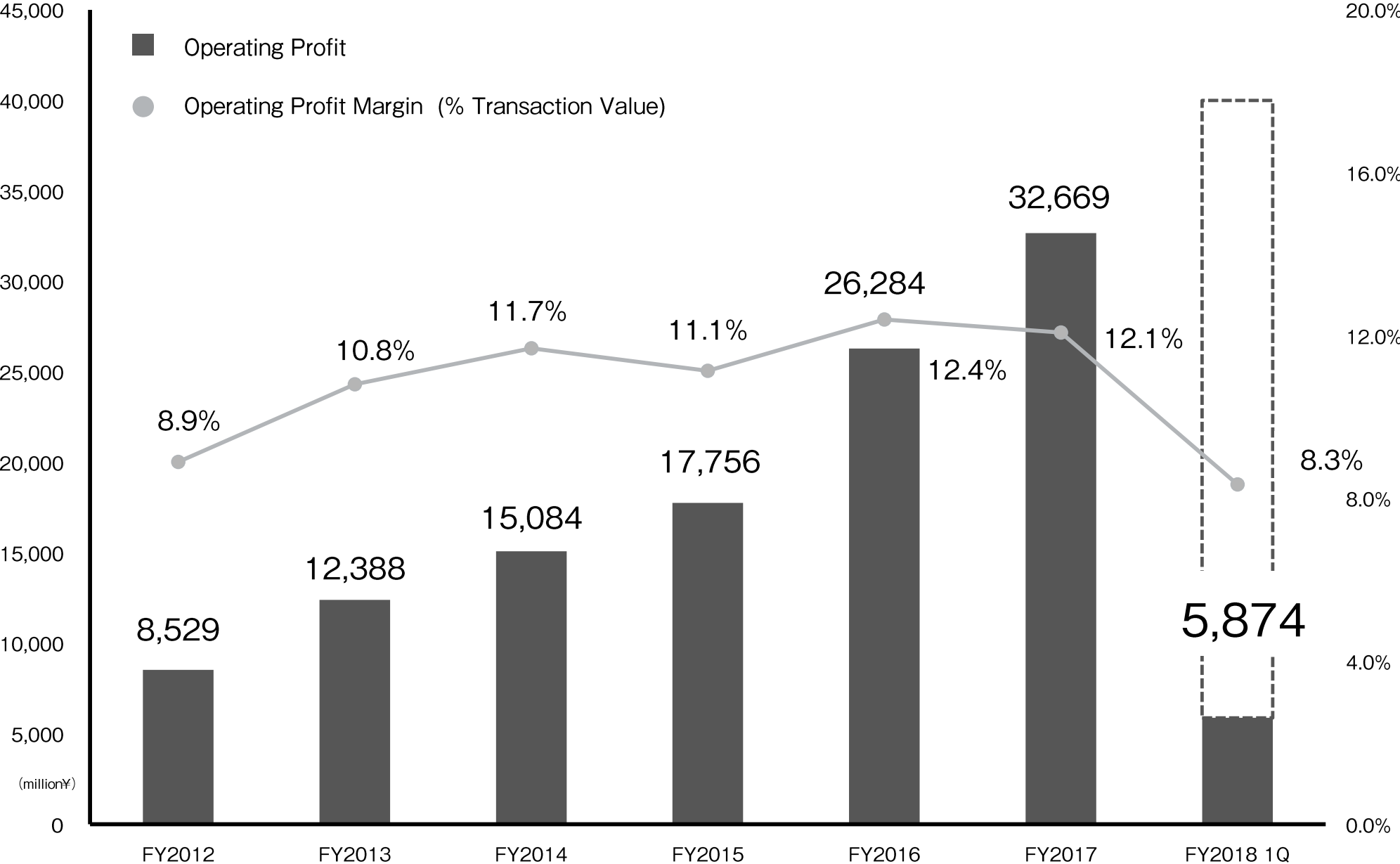
NET SALES (QUARTERLY)



YoY
+23.8%

※ZOZO FURIMA Business ended on June 30, 2017.

OPERATING PROFIT AND OPERATING PROFIT MARGIN



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

13

(million¥)

item	FY2017 1Q		FY2018 1Q		YoY	Increase decrease factors
	Amount	%Transaction value	Amount	%Transaction value	%Transaction value	
Payroll(*)	3,534	5.9%	4,825	6.9%	1.0%	
Employee	1,423	2.4%	1,988	2.8%	0.4%	Details are described in the next page
Operation Staff (Including outsourcing)	2,110	3.5%	2,836	4.0%	0.5%	Increase in proportion of outsourced workers with higher unit price due to changes in logistics centers/Increase in proportion in line with the drop in retail price/ Shipping expenses between logistics centers
Outsourcing commission (Excluding Operation)	746	1.3%	995	1.4%	0.1%	Increase in operation expenses due to the increase in the number of logistics centers/ Increase in expenses of trademarks registration
Shipping	2,616	4.4%	4,665	6.6%	2.2%	Change in shipping fees / Initiation of mass distribution of ZOZOSUIT
Commission of Payment collection	1,953	3.3%	2,030	2.9%	-0.4%	Changes in the composition ratio of settlement manners
Promotion related expenses	899	1.5%	2,228	3.2%	1.7%	
Advertising	345	0.6%	1,548	2.2%	1.6%	Initiation of mass distribution of ZOZOSUIT / Advertising expenses of PB business
Reward points related expenses	554	0.9%	679	1.0%	0.1%	
Rent expense	597	1.0%	856	1.2%	0.2%	The amount increased with the number of logistics centers
Depreciation	197	0.3%	290	0.4%	0.1%	
Amortization of goodwill	56	0.1%	119	0.2%	0.1%	VASILY Inc. (Nov. 2017*) and Colorcle Inc. (Feb. 2018*) *Both subsidiaries have been merged to START TODAY TECHNOLOGIES Inc. from Apr. 2018
Others	1,259	2.1%	2,365	3.4%	1.3%	Details are described in the next page
Total SG&A	11,863	19.9%	18,376	26.1%	6.2%	

※*Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation.
"Employee" includes directors and employees, "Operation Staff" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES

14

- Payroll (Employee): % towards transaction value +0.4% YoY

Increase due to the increase in the number of employees on consolidated basis: 832 FY2017 1Q end → 991 at FY2018 1Q end

Actively hiring employees for PB business and engineer / Increase in the number of consolidated subsidiaries

- PB Business: 18 at FY2017 1Q end → 61 at FY2018 1Q end
- Engineer: 128 at FY2017 1Q end → 210 at FY2018 1Q end
- Overseas subsidiaries: 23 at FY2018 1Q end (included in the scope of consolidation from FY2018 1Q)

Increase in the amount of provision for reserve for bonuses and legal welfare expenses due to the change in bonus payment policy

- FY2017: bonuses based on monthly budget achievements
- FY2018: fix amount bonuses

- Other: % towards transaction value +1.3% YoY

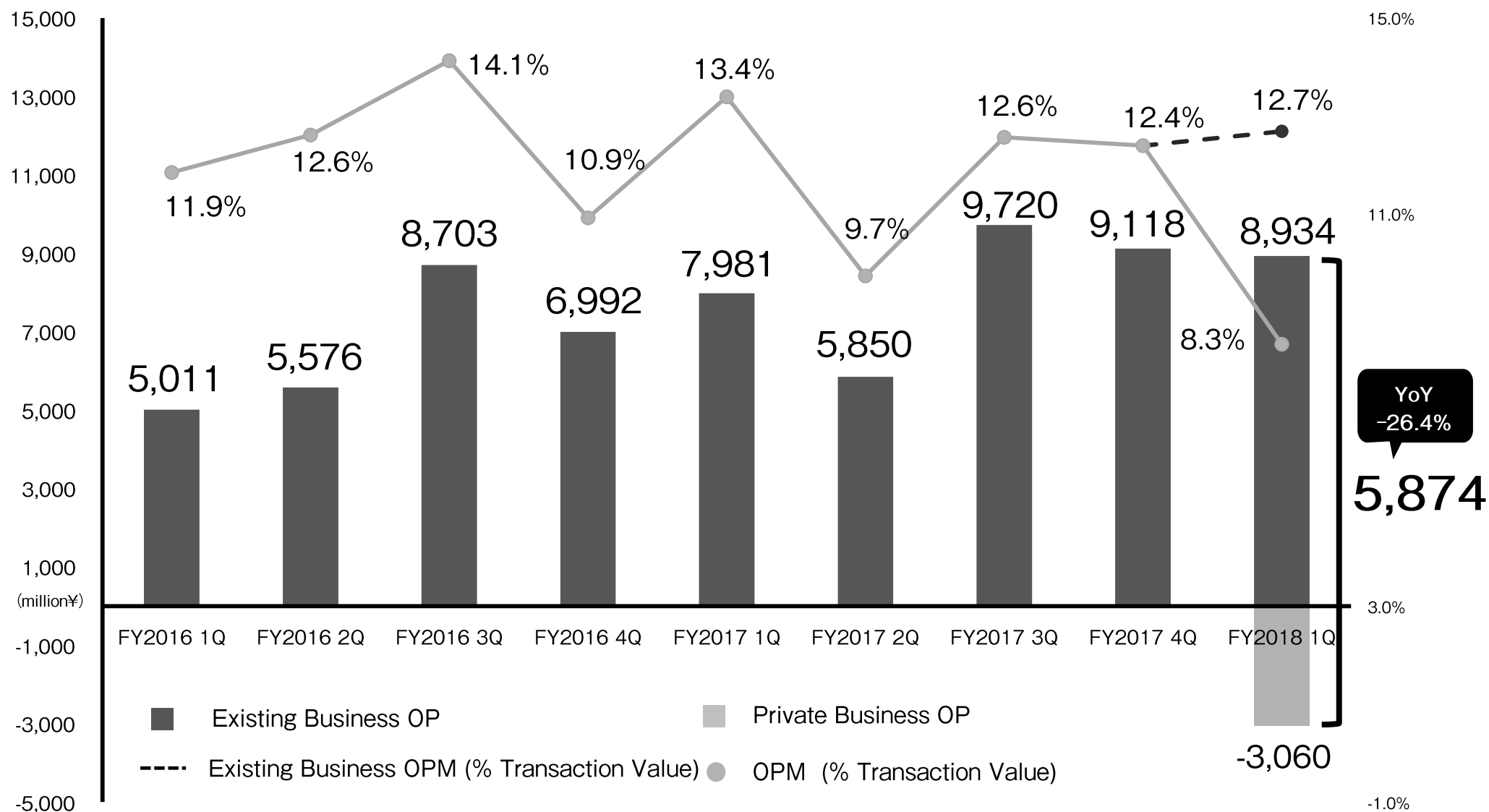
Occurrence of one-time high expenses (Impact to % towards transaction value +0.8%)

- Expenses for ZOZOSUIT1 settlement
- Contingency fee for ZOZOSUIT improvement research

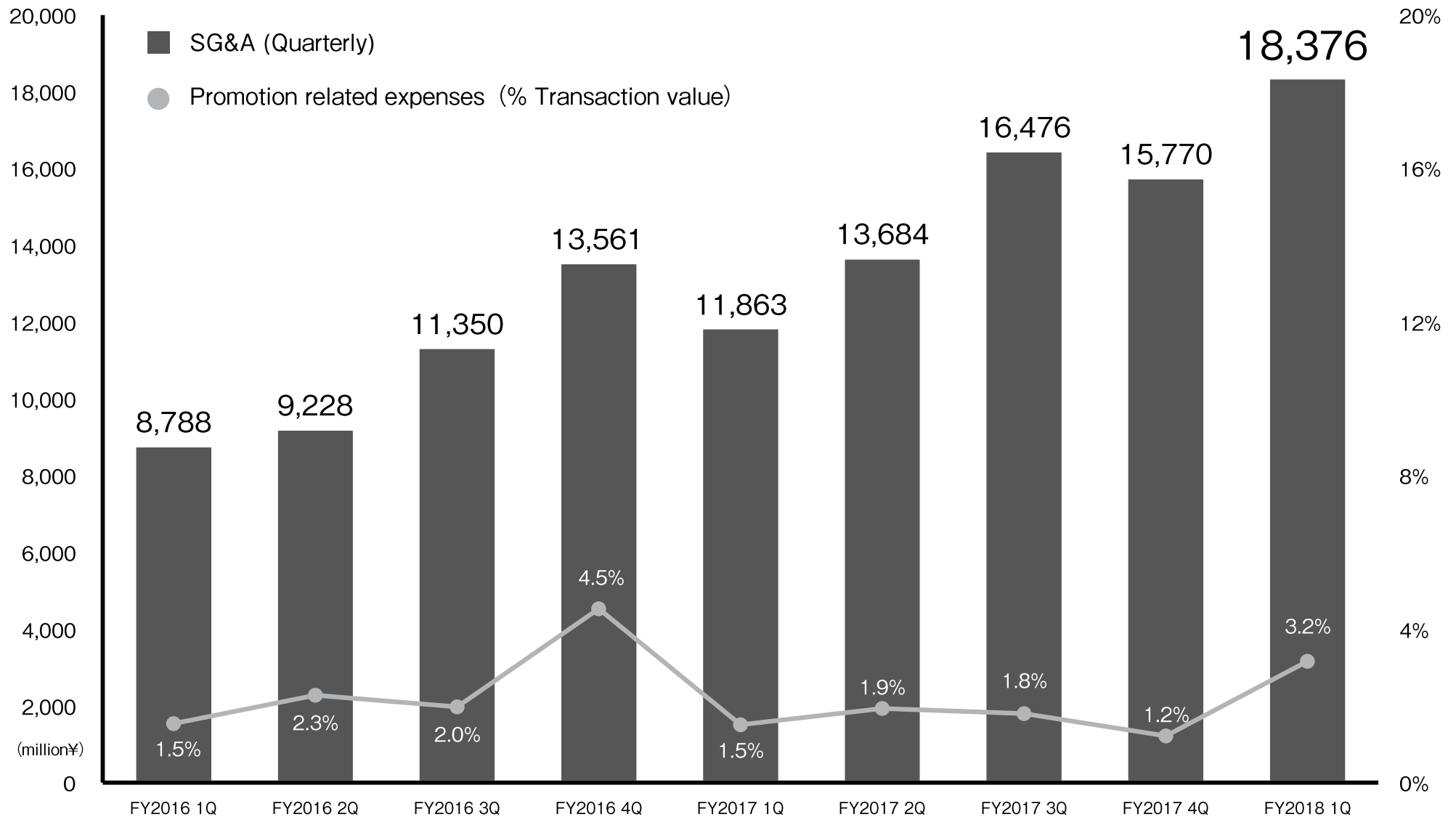
Increase in ordinary expenses (Impact to % towards transaction value +0.3%)

- Increase in the rate of supplies expenses due to the drop in retail price and purchase amount per shipment
- Increase in communication expenses for the improvement of websites and services

OPERATING PROFIT AND OPERATING PROFIT MARGIN (QUARTERLY)



SELLING, GENERAL AND ADMINISTRATIVE (SG & A) EXPENSES (QUARTERLY)



OVERVIEW OF SG & A BY EACH QUARTER

17

(million ¥)

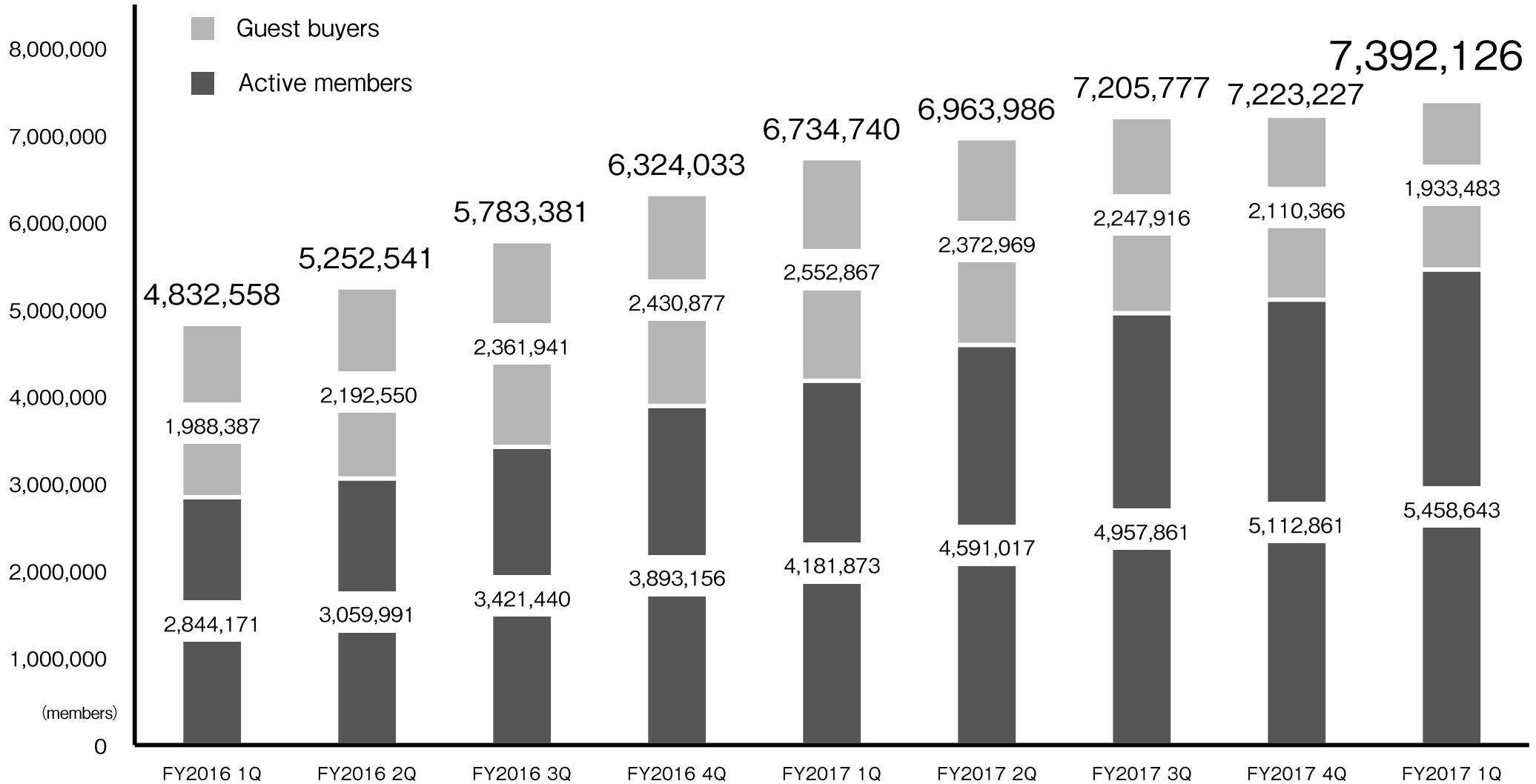
Item	FY2017								FY2018	
	1Q		2Q		3Q		4Q		1Q	
	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value	Amount	%Transaction value
Payroll(*)	3,534	5.9%	3,814	6.3%	4,307	5.6%	4,198	5.7%	4,825	6.9%
Employee	1,423	2.4%	1,465	2.4%	1,469	1.9%	1,299	1.8%	1,988	2.8%
Operation Staff (Including outsourcing)	2,110	3.5%	2,348	3.9%	2,837	3.7%	2,898	3.9%	2,836	4.0%
Outsourcing commission (Excluding Operation)	746	1.3%	1,272	2.1%	1,025	1.3%	913	1.2%	995	1.4%
Shipping	2,616	4.4%	2,931	4.9%	4,282	5.5%	4,341	5.9%	4,665	6.6%
Commission of Payment collection	1,953	3.3%	2,037	3.4%	2,402	3.1%	2,126	2.9%	2,030	2.9%
Promotion related expenses	899	1.5%	1,160	1.9%	1,391	1.8%	895	1.2%	2,228	3.2%
Advertising	345	0.6%	393	0.7%	529	0.7%	283	0.4%	1,548	2.2%
Reward points related expenses	554	0.9%	766	1.3%	861	1.1%	612	0.8%	679	1.0%
Rent expense	597	1.0%	757	1.3%	828	1.1%	828	1.1%	856	1.2%
Depreciation	197	0.3%	211	0.4%	278	0.4%	303	0.4%	290	0.4%
Amortization of goodwill	56	0.1%	56	0.1%	86	0.1%	113	0.2%	119	0.2%
Others	1,259	2.1%	1,442	2.4%	1,874	2.4%	2,050	2.8%	2,365	3.4%
Total SG&A	11,863	19.9%	13,684	22.8%	16,476	21.3%	15,770	21.4%	18,376	26.1%

*Payroll includes directors' remuneration, employee salaries, bonus, legal welfare expenses, welfare expenses, retirement benefits cost, provision for employee bonus, expenses of company pension premium, subcontracting payroll, a portion of expenses at logistics centers operation.

"Employee" includes directors and employees. "Operation Staff" includes part-timers, dispatched workers(subcontracting payroll) and substantial personnel expenses within outsourcing commission of staff working for logistics operations.

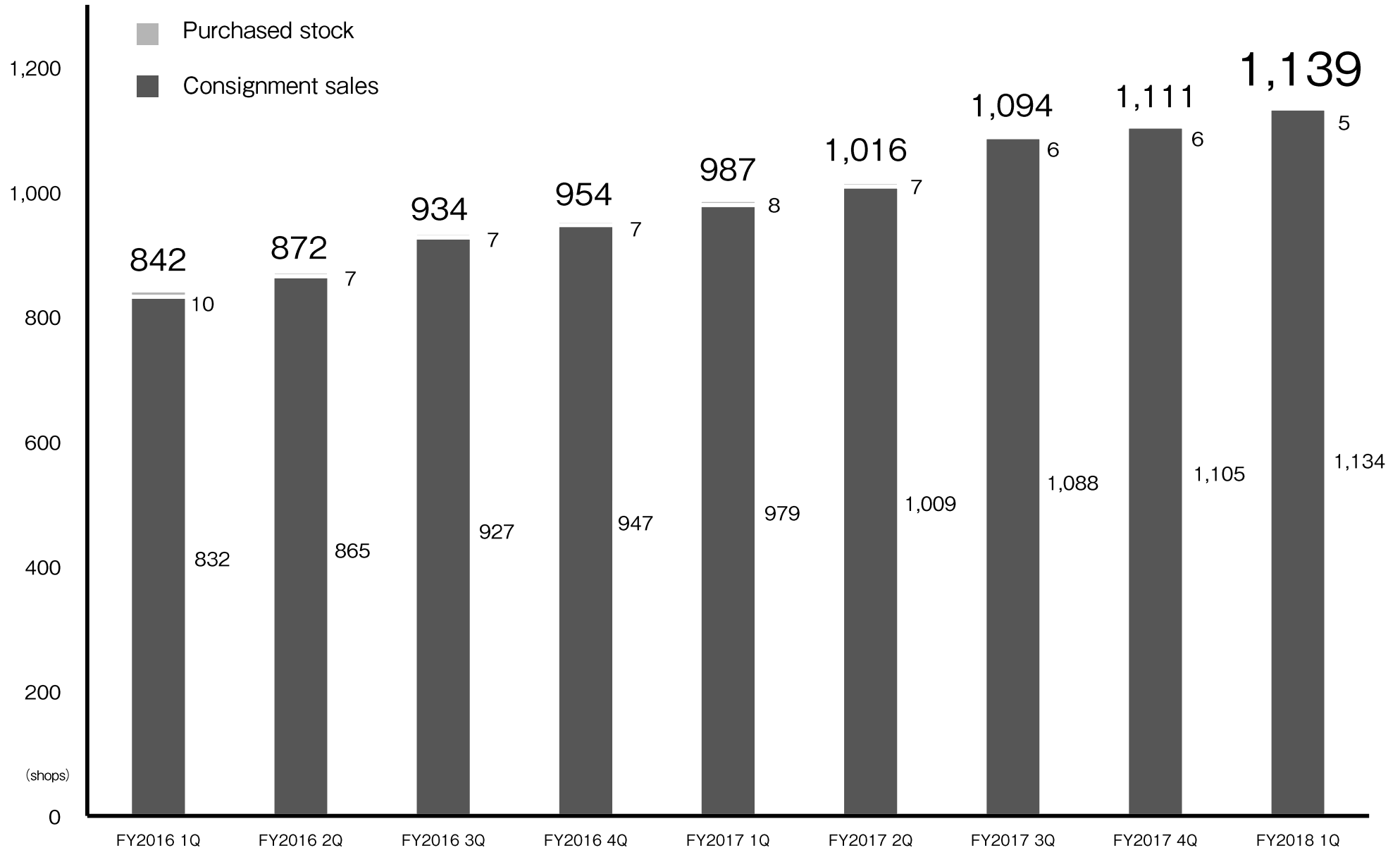
NUMBER OF TOTAL BUYERS

Number of total buyers = Active members and guest buyers who made at least one purchase within a year
 Guest buyers = Unique buyers who made a purchase without registering as a member
 Active members = Members who have made at least one purchase within a year



※Excluding the users only purchased the body measurement device "ZOSUIT"

NUMBER OF SHOPS ON ZOZOTOWN



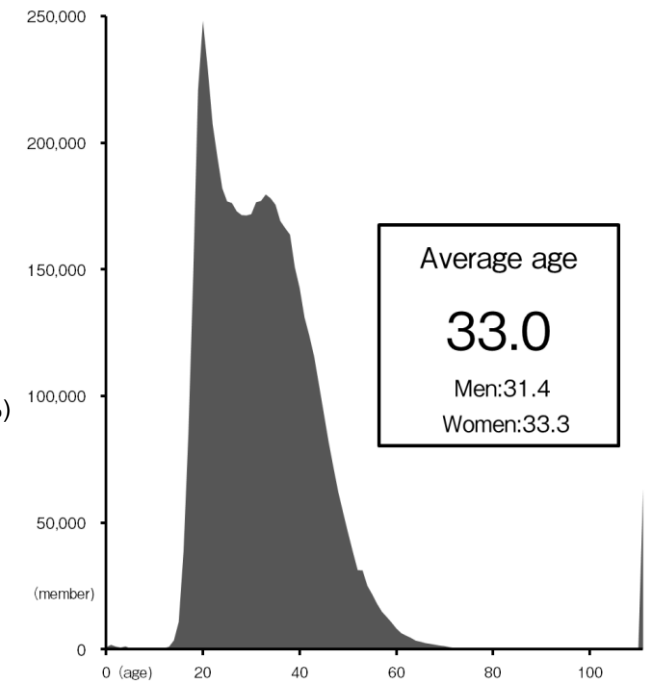
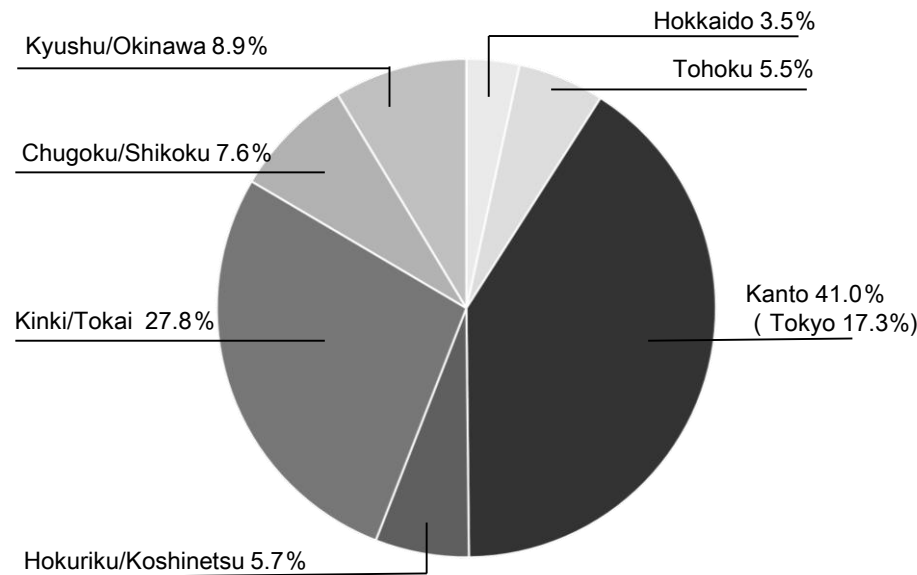
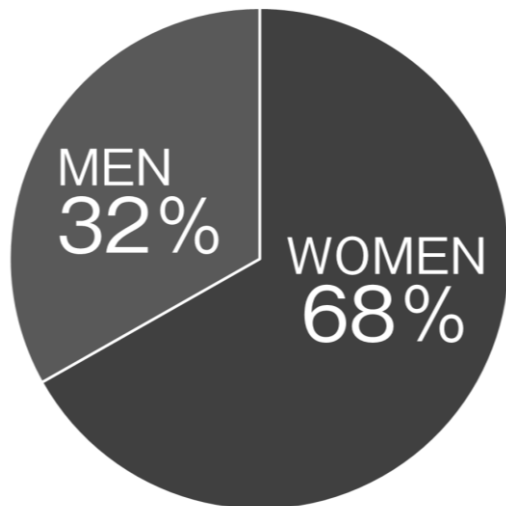
※Private brand “ZOZO” is not included to the number of shops

ACTIVE MEMBER DISTRIBUTION

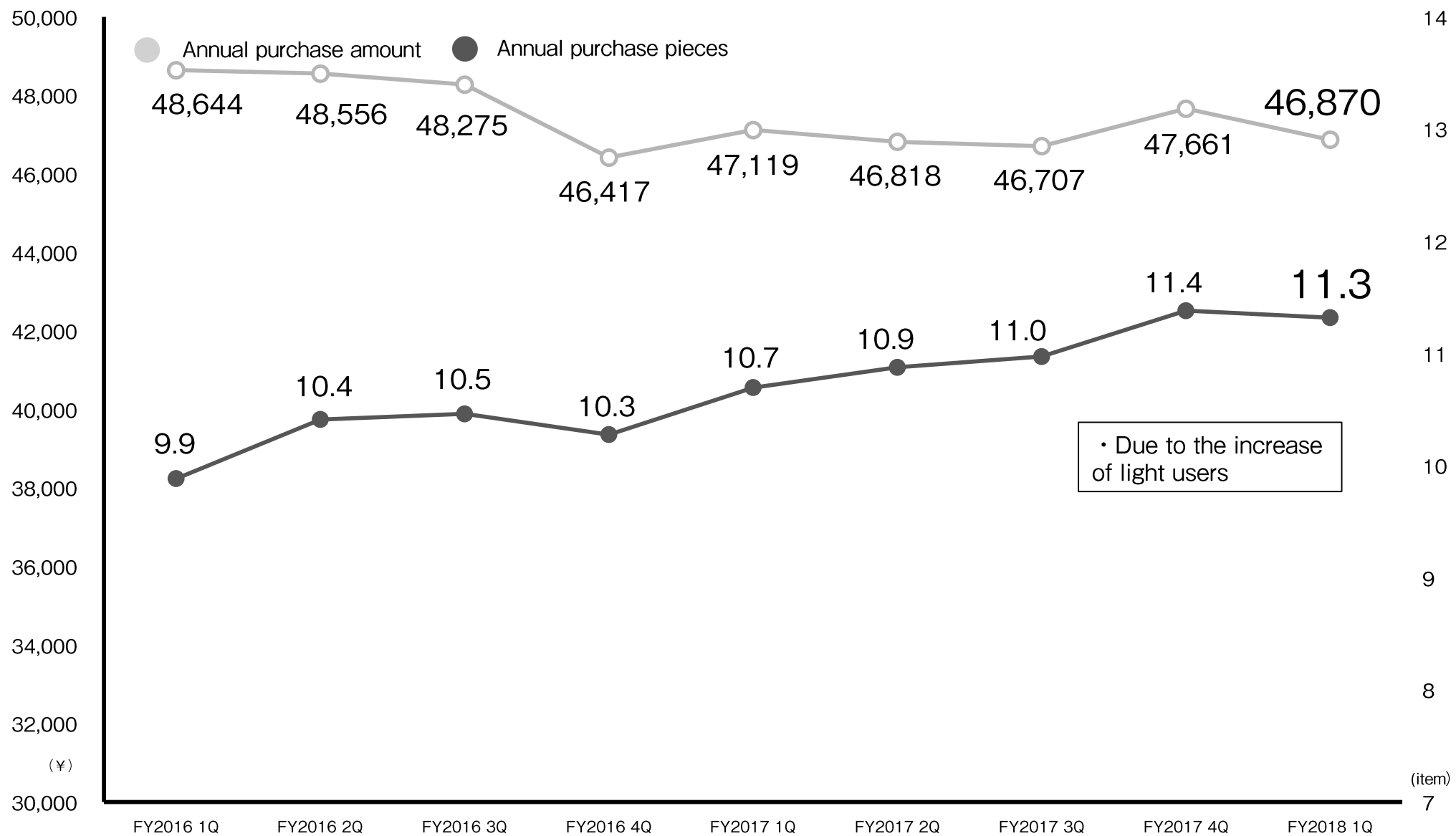
■ Gender ratio

■ Geographical distribution

■ Age distribution

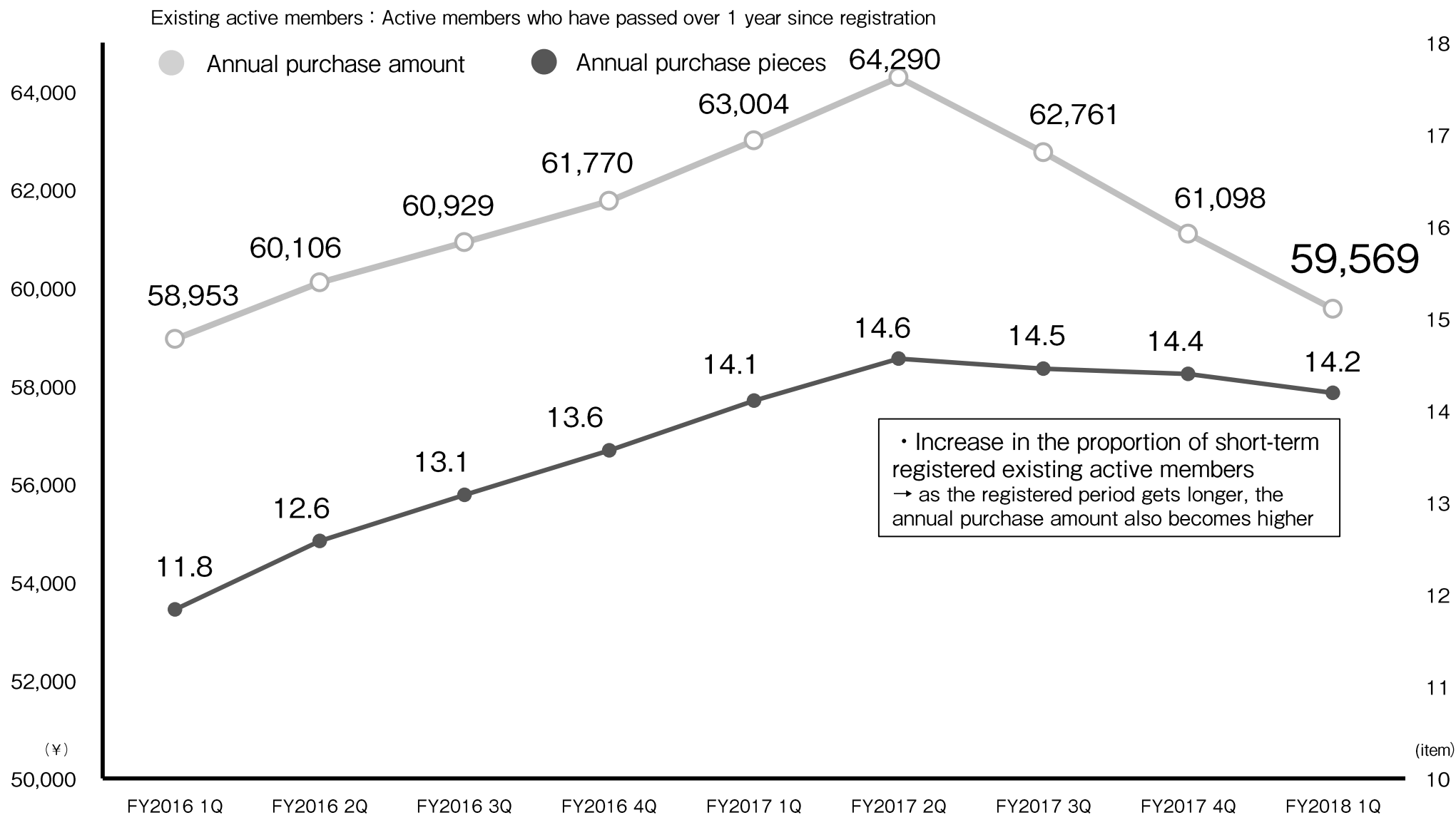


ANNUAL PURCHASE AMOUNT AND PIECES PER ACTIVE MEMBER



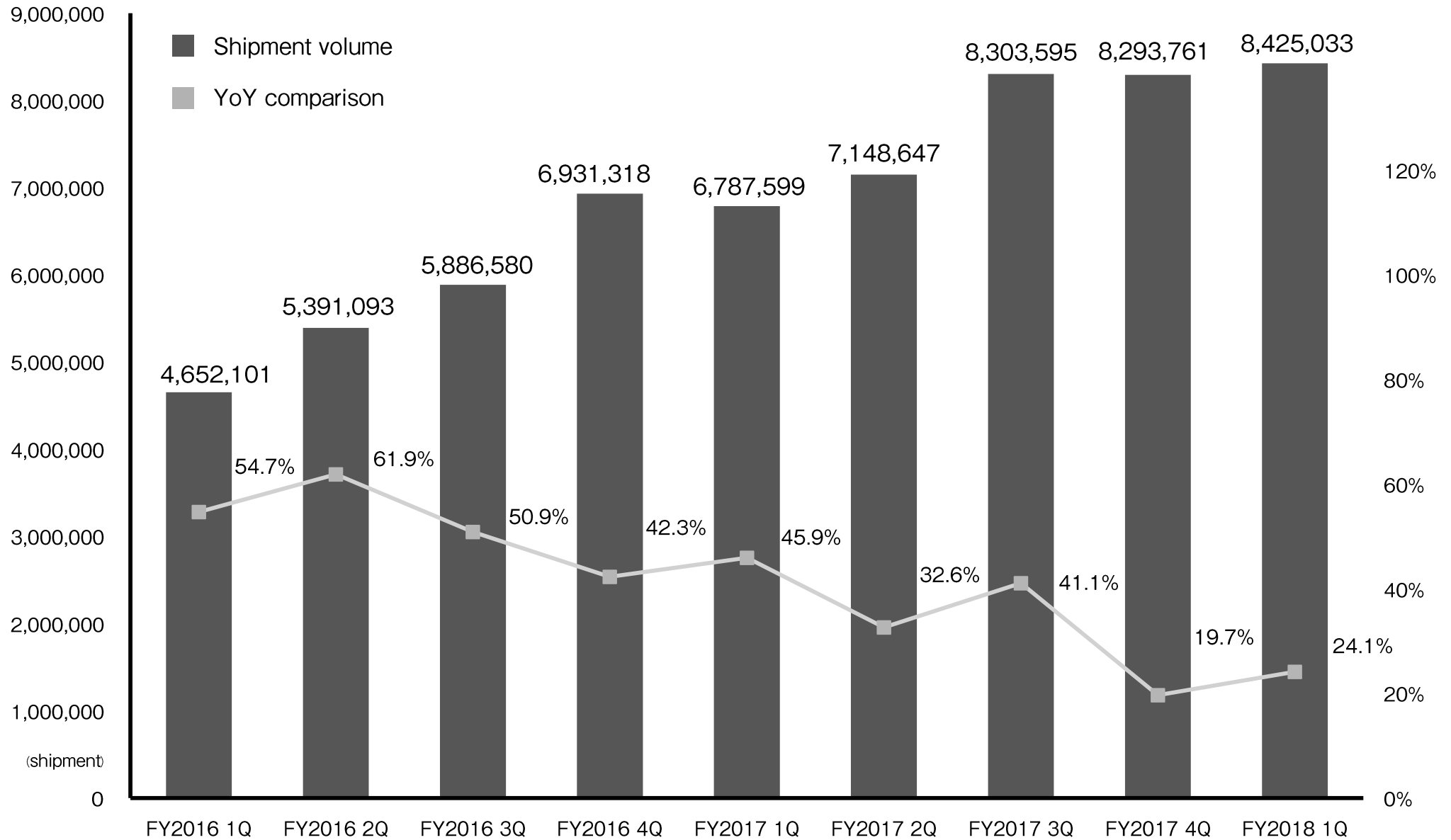
*Excluding the users only purchased the body measurement device "ZOZOSUIT"

ANNUAL PURCHASE AMOUNT AND PIECES PER EXISTING ACTIVE MEMBER



※Excluding the users only purchased the body measurement device "Zozosuit"

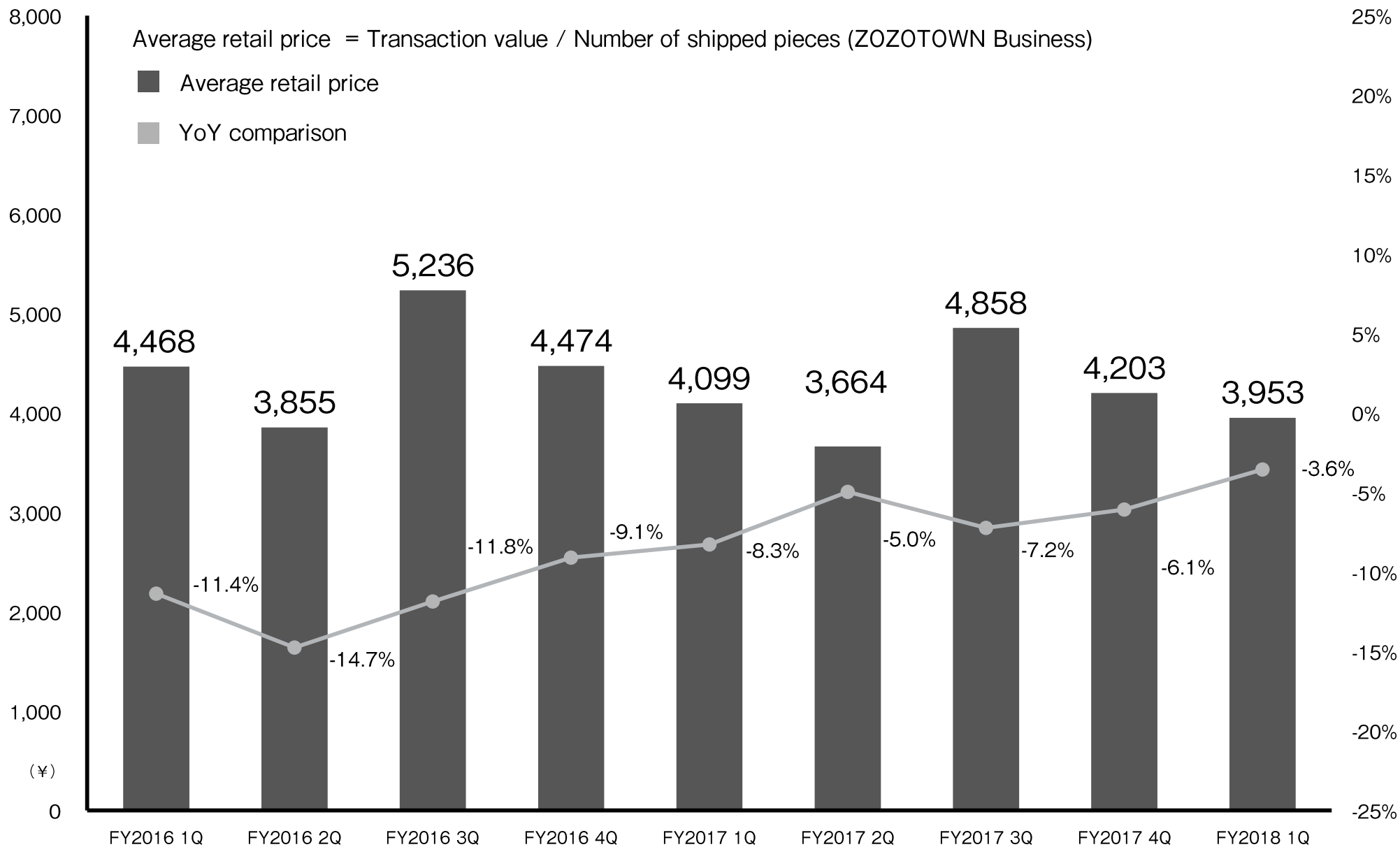
NUMBER OF SHIPMENT



※Excluding the number of shipment of the body measurement device “ZOTOSUIT” only.

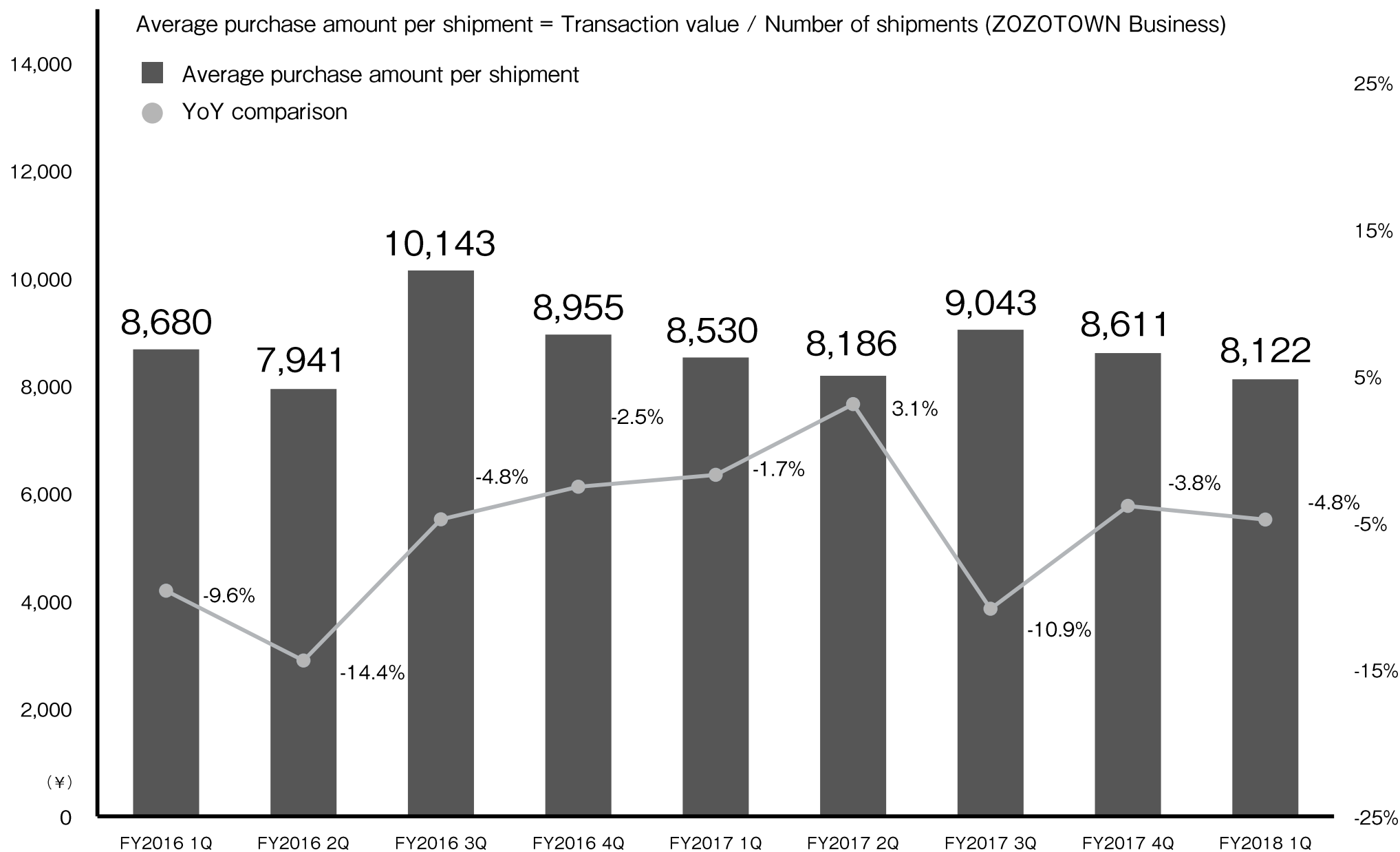
※The number of shipment is the combined results of the ZOZOTOWN business and the PB business.

AVERAGE RETAIL PRICE



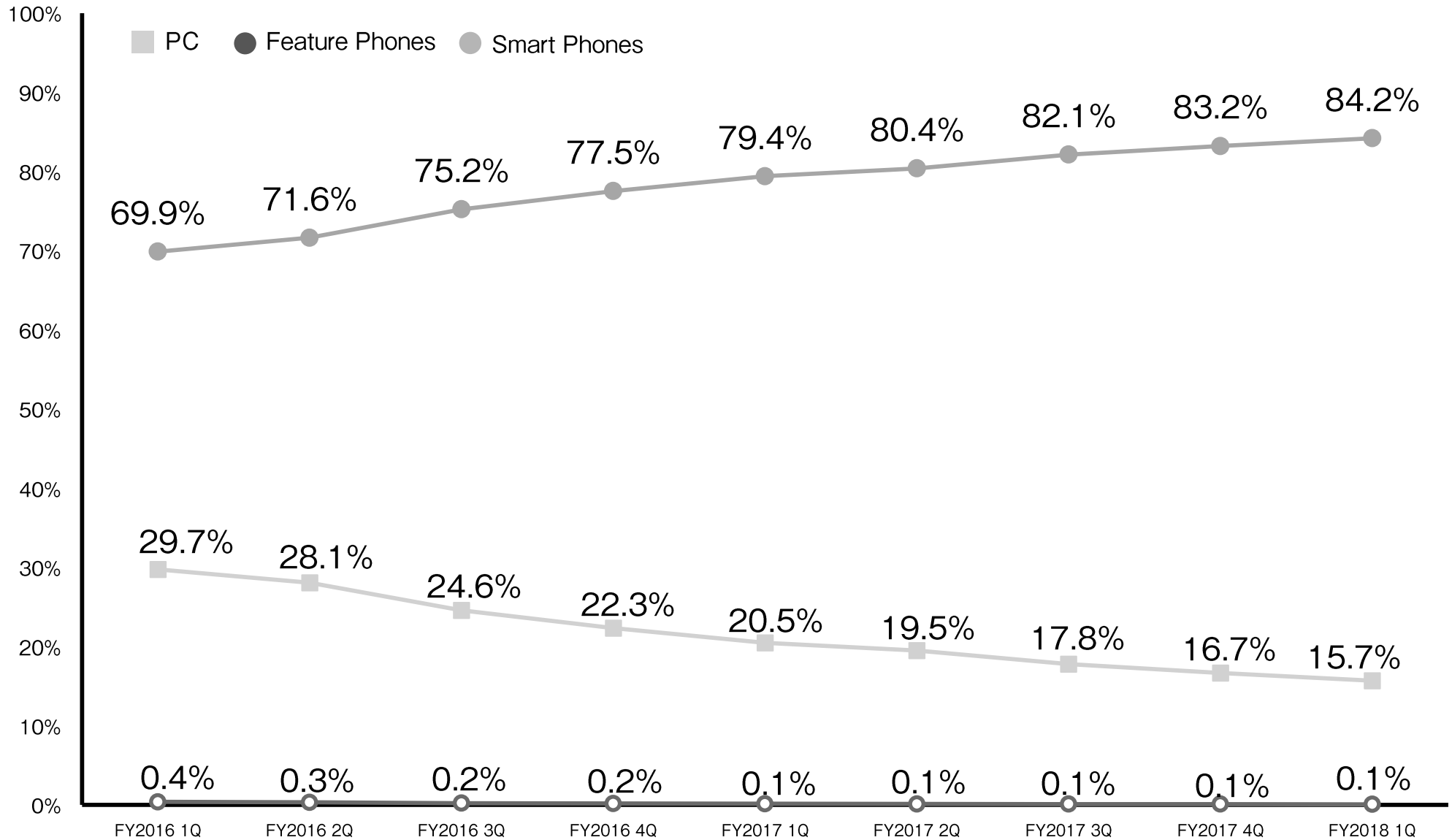
※The numbers of average retail price are averages calculated from combined results of the ZOZOTOWN business and the PB business.

AVERAGE PURCHASE AMOUNT PER SHIPMENT



※The numbers of average purchase amount per shipment are averages calculated from combined results of the ZOZOTOWN business and the PB business

THE RATIO OF SHIPMENT VOLUME TO THE TOTAL PURCHASE VOLUME (by access terminal)





BUSINESS PLAN
FOR FY2018

CONSOLIDATED BUSINESS FORECAST AND DIVIDEND FORECAST FOR FY2018

28

	FY2018 Plan	Growth Rate(%)
Transaction Value	360.0billion yen	33.1%
Net Sales	147.0billion yen	49.3%
Operating Profit	40.0billion yen	22.4%
Operating Profit Margin (to the total transaction value)	11.1%	-
Recurring Profit	40.0billion yen	22.2%
Profit attributable to owners of parent	28.0billion yen	38.9%
Earnings per share	89.8yen	-
Estimated dividends per share (Plan)	36.0yen	-

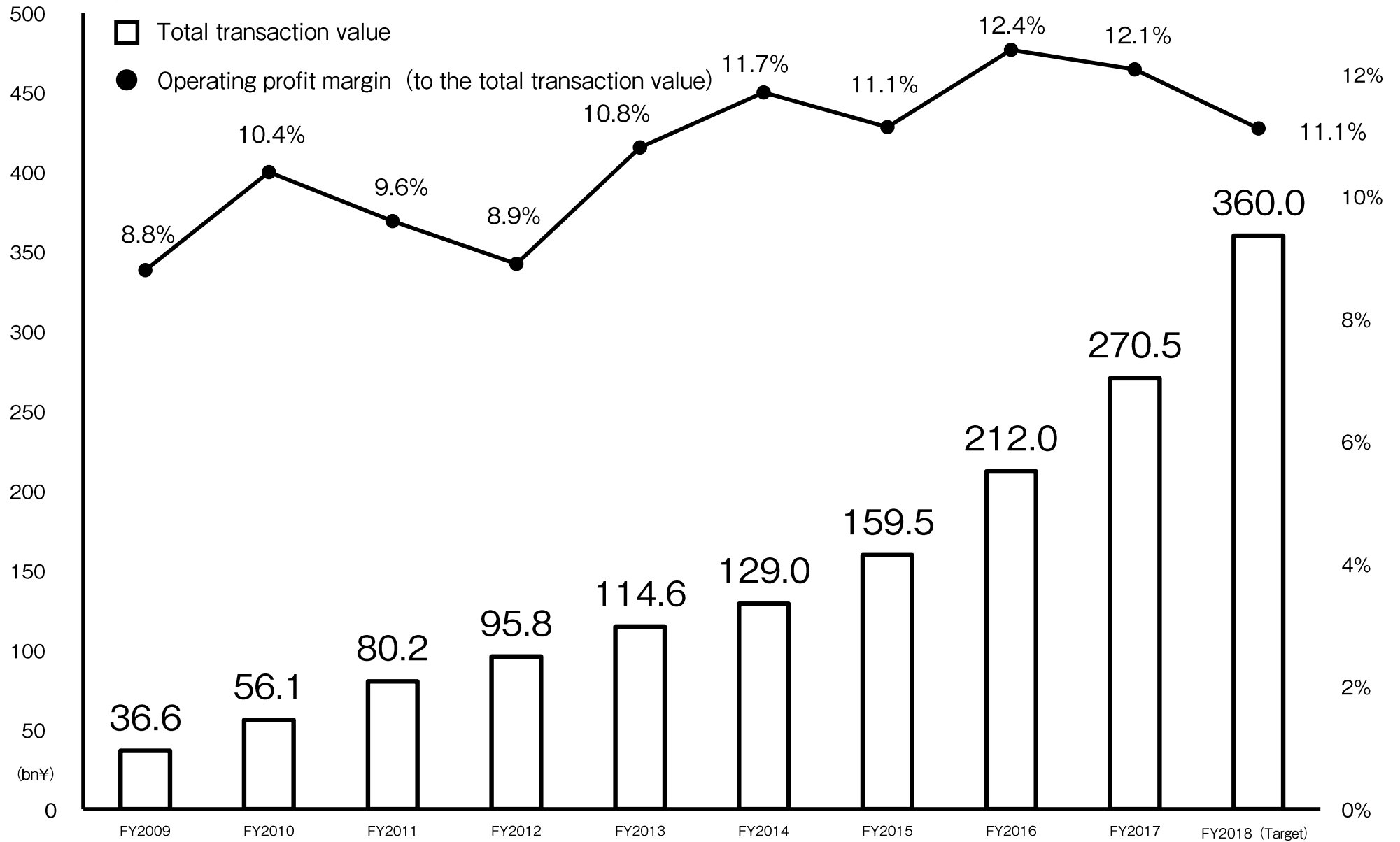
FY2018 TARGET BY BUSINESS SEGMENT

29

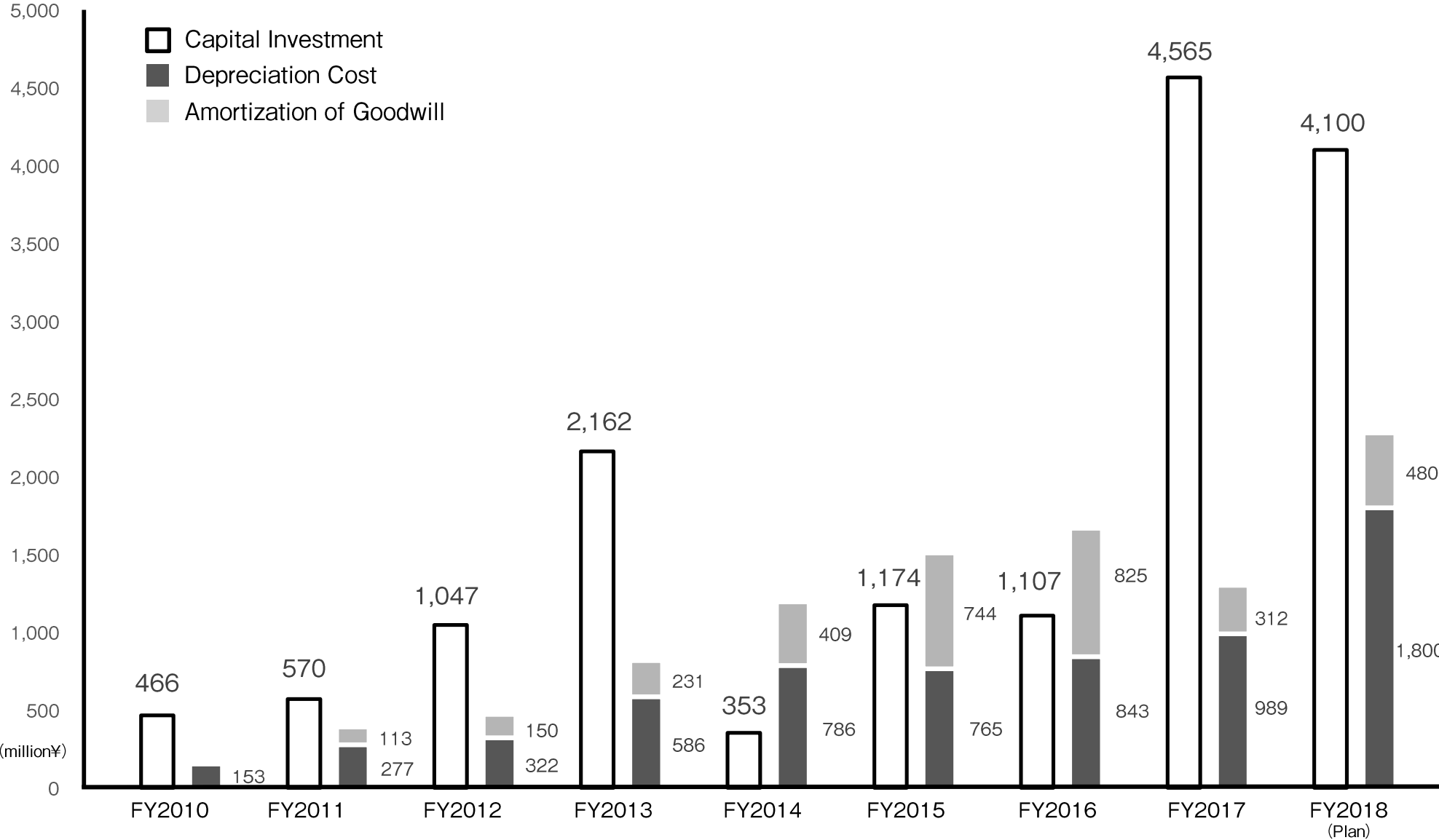
	Target for Total Transaction Value	Yoy
Start Today Group	360.0 billion yen	+33.1%
ZOZOTOWN Business	330.0 billion yen	+25.5%
• Consignment Business	309.0 billion yen	+25.2%
• ZOZOUSED	21.0 billion yen	+31.7%
Private Brand Business	20.0 billion yen	—
BtoB Business	10.0 billion yen	+32.7%

	Target for Net Sales	Yoy
Advertisement Business	3.0 billion yen	—

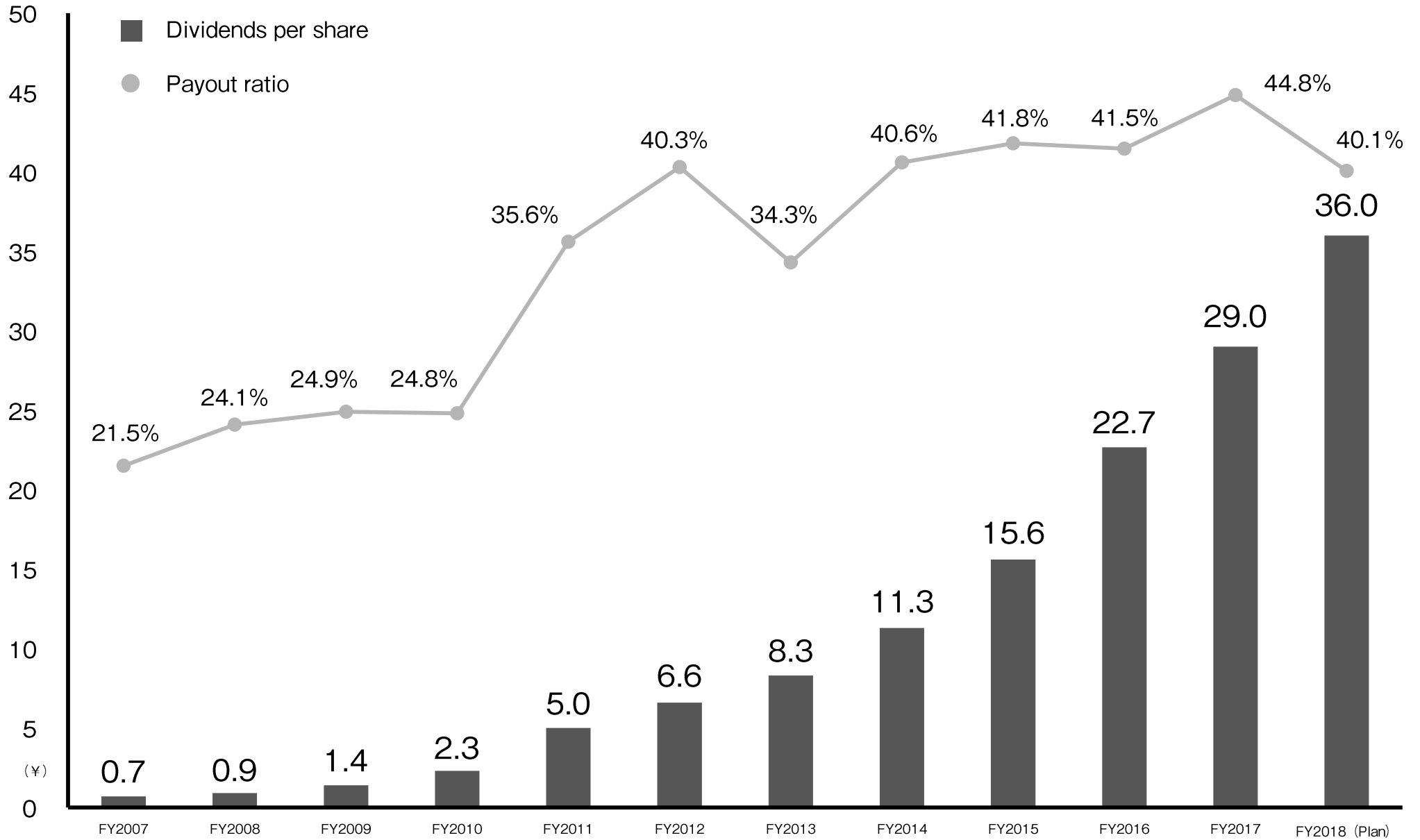
TRANSACTION VALUE



CAPITAL INVESTMENT



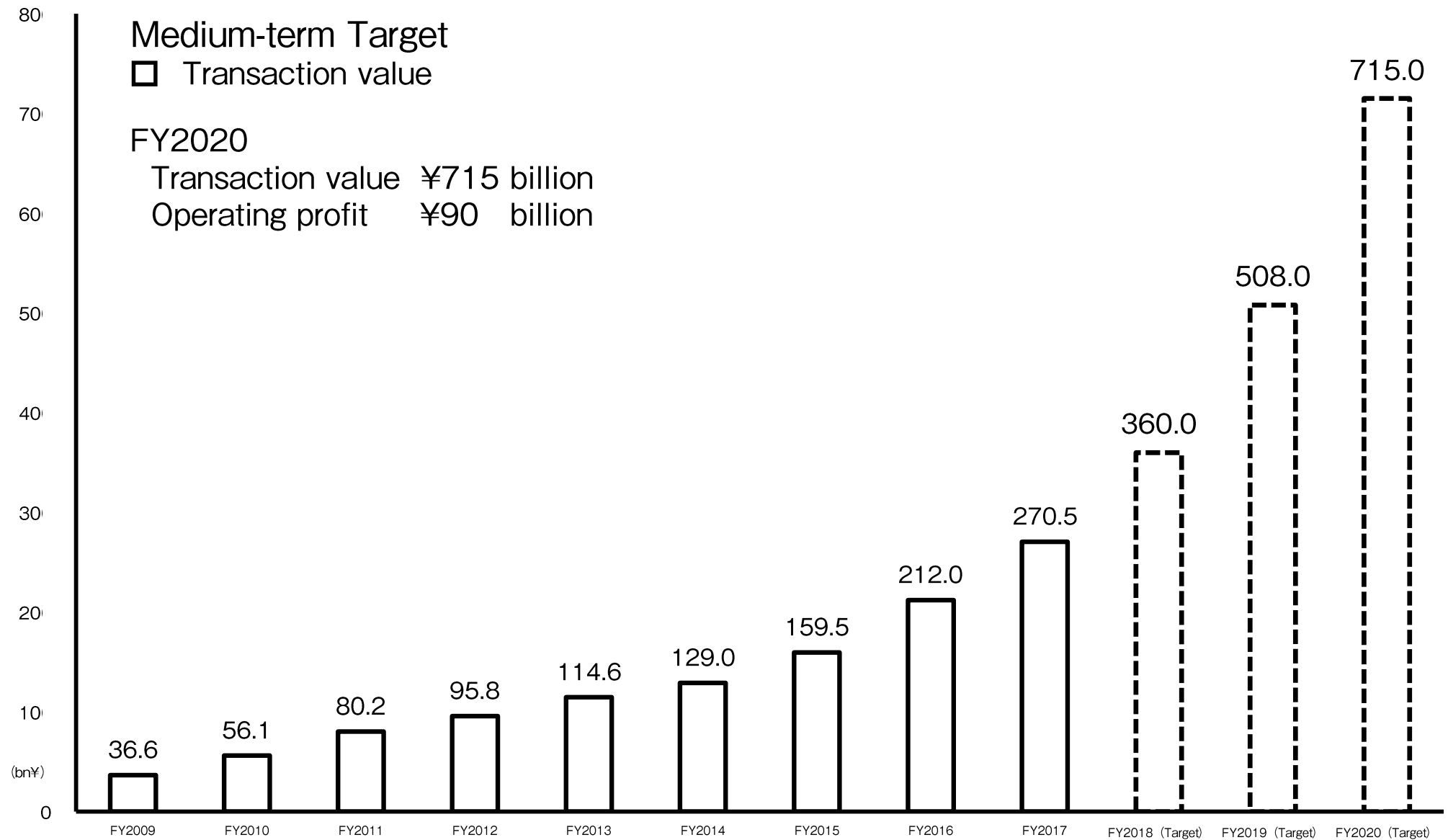
DIVIDENDS PER SHARE AND PAYOUT RATIO



A modern, brightly lit interior space, likely a lounge or meeting area, featuring wooden floors, large windows, and colorful furniture. The text "FUTURE STRATEGIES" is overlaid in white, centered on the image. The room contains a long wooden table with colorful chairs, a red sofa, and a brown armchair. There are also some plants and decorative items visible.

FUTURE STRATEGIES

MEDIUM-TERM VISION



DETAIL OF MEDIUM-TERM VISION

35

(bn¥)

	FY2018		FY2019		FY2020	
	Target	Yoy	Target	Yoy	Target	Yoy
Transaction Value	360.0	33.1%	508.0	41.1%	715.0	40.7%
ZOZOTOWN Business	330.0	25.5%	408.0	23.6%	485.0	18.9%
Private Brand Business	20.0	—	80.0	300.0%	200.0	150.0%
From Domestic	18.0	—	60.0	233.3%	120.0	100.0%
From Overseas	2.0	—	20.0	900.0%	80.0	300.0%
BtoB Business	10.0	32.7%	20.0	100.0%	30.0	50.0%
Net Sales	147.0	49.3%	241.0	63.9%	393.0	63.1%
Advertisement Business	3.0	—	5.0	66.7%	10.0	100.0%
Operating Profit	40.0	22.4%	58.0	45.0%	90.0	55.2%
(% Transaction Value)	11.1%	-1.0%	11.4%	0.3%	12.6%	1.2%



REFERENCE
DATA

6,820
POPULAR BRANDS

991
EMPLOYEES (average age 31.8 years old)

世界中をカッコよく、世界中に笑顔を。

Make the world a better place, Bring smiles to the world.

16,465
SHARE HOLDERS

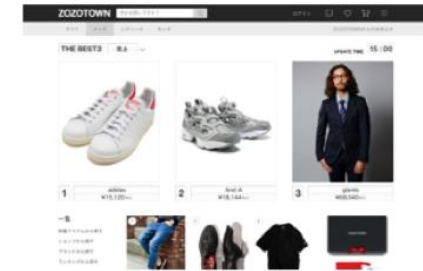
739
Million
TOTAL BUYERS (1year basis)

MAJOR SERVICES

ZOZOTOWN

Japan's Largest Online Retailer of Apparel and Accessories

- 1,139 stores offering 6,820 brands.
- At any given time, more than 650,000 items are available with an average of 3,100 new items added each day.
- Systems, design, to fulfillment, all functions are built in-house.

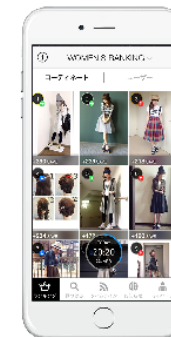


ZOZOTOWN <http://zozo.jp/>

WEAR

Japan's largest fashion coordination app

- When uploading coordinate pics, tag each item worn in the look, using information on our data base. The systems allows anyone to search for coordinates and items by various queries.
- Official users who we call WEARISTAs, include popular models, singers, actors and actresses.
- Over 11.0 million downloads.
- Now available in all geographic areas.



WEAR <http://wear.jp/>

Private Brand “ZOZO”

- Sales and manufacture of made-to-order basic items fitting every body uniquely and perfectly, from measurement data extracted from the body measurement device the company developed “ZOSUIT” .
- Offering U-neck/V-neck T-shirt, denim pants, Oxford shirt, business suit, dress shirt etc.
- Sold at ZOZOTOWN and dedicated sales sites for overseas.



OUR SUBSIDIARIES

• Domestic

Start Today Technologies Inc.

System development, web design, CRM,
Technological development, R&D

Crown Jewel ,inc,

A business operated by reselling second hand
apparel items purchased from our users

aratana inc.

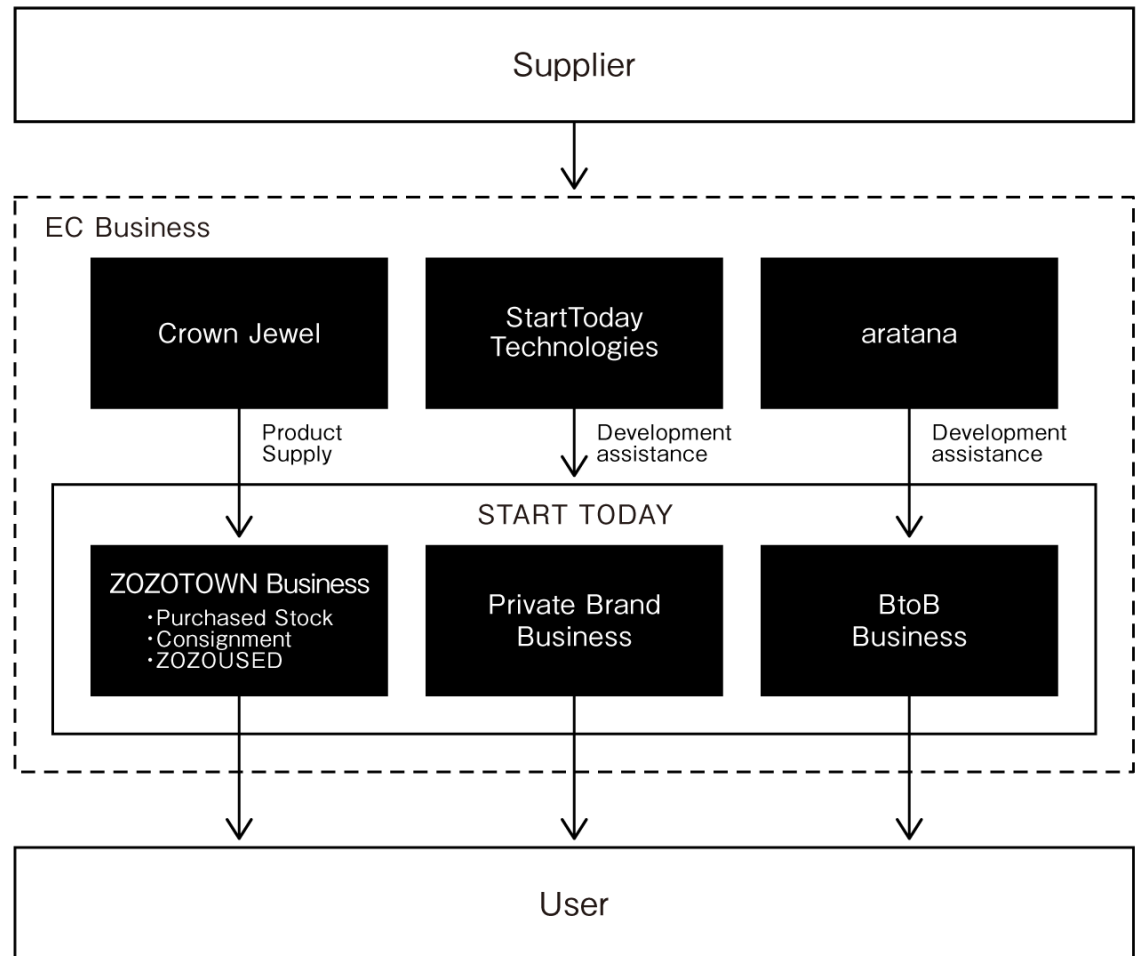
Specializes in building EC sites, web marketing,
web security systems, and EC related applications

• Overseas

STARTTODAY USA, Inc. (California)

STARTTODAY Germany GmbH (Berlin)

Overseas sales subsidiaries for the private brand "ZOZO"



MAJOR SERVICES

40

ZOZOTOWN Business

- **Consignment Sales**

We operate 1,134 shops as consignment sales businesses.

This business model allows us to carry a certain amount of products from the brands, while giving us low inventory risk.

Sales = Transaction value of each store x commission rate

- **Purchased Stock**

We operate 5 stores within ZOZOTOWN, which offer products we purchase from brands.

Sales = Transaction value generated by each store

- **ZOZOUSED Business**

We purchase used fashion products from our users, and resell them as a second-hand business.

Sales = Transaction value of purchase stock + Consignment commission of marketplace

Private Brand Business

The business model which manufacture and sell order-made basic items with best fit for each customer, by utilizing the data measured by the body measurement suit " ZOZOSUIT" developed by Start Today.

Items are sold at the private brand shop on ZOZOTOWN in Japan, and will be sold at dedicated sales websites at overseas.

Sales = transaction value of private brand items

BtoB Business

We help develop and operate online shops on behalf of various brands, such as "United Arrows" .

We currently provide back-end service to 9 stores.

Sales = Transaction value of these online shops x commission rate

※Above sales includes other sales such as initial shop opening commission, shipping income etc.

This material has been created for the sole purpose of introducing the company's business activities, and not for soliciting investments.

The business forecasts and the future outlook described in the material is based on information currently available.

The forecast includes uncertainties such as sudden changes, therefore actual results may differ.